



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202

REPORT
NO. 91-032

January 25, 1991

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION

SUBJECT: Summary Report on the Audit of the Effectiveness
of the Defense Acquisition Board Process--FY 1988
(Project No. 8AE-0051)

Introduction

This final summary report on the Audit of the Effectiveness of the Defense Acquisition Board (DAB) Process--FY 1988 is provided for your information and use. This report is the fifth in a series of summary reports that have been prepared since 1984 on the executive level decisionmaking processes that DoD used to monitor and evaluate major acquisition programs. This report summarizes the results of five audit reports that we issued on the DAB process from September 1988 through July 1989. The objectives of the audits were to evaluate the effectiveness of the DAB process, compliance with applicable DoD Directives and Instructions, and applicable internal controls.

Scope of Audit

To satisfy the audit objectives, we focused on five major acquisition programs that were scheduled for Milestone IIIA (low-rate initial production) and Milestone IIIB (full-rate production) DAB decisions (Enclosure 1). The programs audited were the Advanced Medium-Range Air-to-Air Missile (AMRAAM), SSN-21 submarine, Follow-on Ultra-High Frequency (UHF) satellite, C-17 cargo aircraft, and T-45A trainer aircraft. For each of the programs, we determined the completeness and accuracy of documentation that the Military Departments submitted to the DAB to support the scheduled production decisions. We determined this by examining Decision Coordinating Papers, Integrated Program Summaries, System Threat Assessment Reports, developmental and operational test plans and results, and other supporting information specified in the 5000 series of DoD Directives and Instructions. We used the policies and procedures in the 5000 series of Directives and Instructions as criteria in determining the completeness and accuracy of program documentation.

As part of the audits, we also determined whether the production rates that the Military Departments proposed to the

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DAB for the programs were within the limitations specified by Public Law and DoD Directives and Instructions on programs that had not yet completed operational test and evaluation.

The five program results audits included reviews of program documentation dating from 1980 to 1989. The audits were made in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD, and accordingly included such tests of the internal controls as were considered necessary. A list of activities visited or contacted during the audits is in Enclosure 5.

Background

DoD Directive 5000.1, "Major Systems Acquisition," September 1, 1987, states that acquisition programs can be designated as major based on any of four criteria: Secretary of Defense interest, joint acquisition of a system by two or more Services or with other nations, estimated system costs that exceed \$200 million (FY 1980 dollars) for research or \$1 billion (FY 1980 dollars) for procurement, or significant congressional interest. The Secretary of Defense relies primarily on the DAB for advice in making milestone decisions on major acquisition programs. The DAB, which is chaired by the Under Secretary of Defense for Acquisition, provides this advice by evaluating major acquisition programs that are approaching milestone decisions and by determining whether each program meets the criteria that are established for the upcoming milestone decision. The DAB then advises the Secretary of Defense as to the appropriate action to take with regard to the system under review.

The Milestone III decision approves proceeding with either low-rate initial production or full-rate production and deployment. For major acquisition programs approaching the Milestone III decision point, the DAB evaluates the results of completed operational tests and evaluations; threat validations; production or construction cost verifications; affordability and life-cycle cost estimates; production and deployment schedules; reliability, maintainability, and plans for integrated logistics support; producibility studies; and cost-effectiveness analyses. If the magnitude of the program is sufficiently large and the period between the beginning of low-rate initial production and the beginning of full-rate production is significantly long, there may be a need for a program review or a Milestone IIIA decision before the Milestone IIIB decision.

Another key factor that the DAB considers before granting a production request is the proposed rate of production. U.S.C., title 10, sec. 138, stipulates that major Defense acquisition

programs may not proceed beyond low-rate initial production ^{1/} until certain conditions are met. First, the Military Departments must conduct operational test and evaluation (OT&E) ^{2/} of the components that are being acquired. Second, the Director, OT&E, must independently analyze the results of OT&E and determine whether they were adequate and whether the results confirm that the components are effective and suitable for combat. Third, the Director, OT&E, must report the results of his independent analysis to the Secretary of Defense and to the Senate and House Committees on the Armed Services and Appropriations.

DOD Directive 5000.3, "Test and Evaluation," March 12, 1986, establishes even more stringent conditions for DoD to satisfy before proceeding beyond low-rate initial production on a major Defense acquisition program. Not only does the Directive require that DoD meet the conditions stipulated in U.S.C., title 10, sec. 138, but paragraph C.4. of the Directive states:

Before the Milestone III production decision, the results of testing (to include all preproduction qualification testing) of production-representative articles shall confirm that all significant design problems have been identified, that solutions to these problems are available and that the items or components actually tested are effective and suitable for their intended use.

Additionally, paragraphs C.3.a. and C.3.b. of the Directive state:

a. Operational testing shall be accomplished in an environment as operationally realistic as possible, including threat representative hostile forces. Typical users should operate and maintain the system under conditions simulating combat stress and peacetime conditions.

^{1/} Public Law 98-94 defines low-rate initial production as "...the production of a system in limited quantity to be used in operational test and evaluation for verification of production engineering and design maturity and to establish a production base prior to a decision to proceed with production."

^{2/} Sec. 138 defines operational test and evaluation as "(i) the field test, under realistic combat conditions, of any item of (or key component of) weapons, equipment, or munitions for the purpose of determining the effectiveness and suitability of the weapons, equipment, or munitions for use in combat by typical military users; and (ii) the evaluation of the results of such test."

b. The primary purpose of OT&E is to ensure that only operationally effective and suitable systems are delivered to the operating forces. The results of OT&E are provided to the appropriate decision makers for decisions on system production and fielding. Therefore, OT&E shall be structured to provide inputs at each decision point, including major milestones.

Internal Controls

We reviewed internal controls as were deemed necessary for the stated objectives. Our review disclosed weaknesses in internal controls over documentation that the Military Departments were required to submit to the DAB and over system production quantities for which the Military Department requested DAB approval. However, for the reasons discussed in the conclusion to this report, we are not reporting any material internal control weaknesses.

Prior Audit Coverage

This is the fifth summary audit report issued on the Effectiveness of the Defense Acquisition Board ^{3/} Process. The 4 previous reports summarized the results of audits on 29 major systems. The individual system reports discussed issues concerning a particular system, while the summary reports discussed systemic issues of the DAB process and actions required by management to improve the acquisition decisionmaking process. The four summary reports, issued between October 1984 and July 1987, are briefly described in Enclosure 2.

Discussion

Our FY 1988 DAB audits disclosed that, for the most part, the Military Departments provided the DAB with the documentation required for Milestone III production decisions. The audits did identify key documents (cost estimates, decision coordinating papers, and current threat assessments) that were missing or deficient on some of the five programs that we audited. However, since such instances were isolated, and we advanced recommendations to correct the instances during the audits, we will not discuss them in this summary report.

The most prevalent and significant condition the five audits disclosed was that the Military Departments were requesting approval to buy systems in quantities substantially greater than those intended by Public Law and DoD Directives. U.S.C., title 10, sec. 138, and DoD Directive 5000.3 limited buys on major acquisition programs that had not successfully completed OT&E to the number of systems in the program that the Military

^{3/} Previously known as the Defense Systems Acquisition Review Council.

Departments needed for conducting OT&E and for establishing a production base. However, we found that the Military Departments had either bought, or requested approval to buy, more systems than necessary to conduct OT&E and to establish a production base. Furthermore, the Military Departments took those actions before the systems successfully completed OT&E.

Past and Proposed Buys of Systems. At the time of our audits, the quantities of systems that the Military Departments had already bought and had requested approval to buy represented from 10.3 percent to 100 percent of the total systems planned for the five programs that we audited.

| PROGRAM | NUMBER OF SYSTEMS | | | PERCENTAGE OF PROGRAM |
|------------------|-------------------|-------------|-----------|--------------------------|
| | IN PROGRAM | ON CONTRACT | REQUESTED | |
| AMRAAM | 24,320 | 1,480 | 1,270 | 1/ 11.3 |
| SSN-21 submarine | 29 | 1 | 2 | 10.3 |
| UHF satellite | 10 | 0 | 10 | 100.0 |
| C-17 aircraft | 210 | 2 | 69 | 2/ 33.8 |
| T-45A aircraft | 304 | 12 | 48 | 3/ 19.7 |

1/ The request was for \$400 million to initiate long-lead procurement action on Lot III. Total Lot III procurement cost was estimated at \$835 million.

2/ The request consisted of 40 aircraft for Lots II through V and long-lead items for the 29 aircraft in Lot VI. The estimated cost associated with the request was \$10.3 billion.

3/ The request consisted of \$372.4 million for 24 production aircraft, \$40.6 million for long-lead items for an additional 24 aircraft, and \$15.4 million for spare parts.

Neither U.S.C., title 10, sec. 138, nor DoD Directive 5000.3 stipulated the quantity of a system necessary to conduct OT&E and to establish a production base for major acquisition programs. However, our audits concluded that the Military Departments requested approval to buy more systems than section 138 and DoD Directive intended on all five of the programs that we audited. For example, the Military Departments requested approval to initiate procurement of 69 C-17 cargo aircraft and 48 T-45A trainer aircraft. Considering the quantity previously bought for those programs, the Military Departments' requests were in effect asking for approval to buy from 33.8 to 19.7 percent of the systems in the programs before completion of OT&E. Buying such quantities would provide more aircraft than needed to conduct OT&E and to establish production bases for the programs. The schedule also shows that the Military Departments' requests provided for buying 100 percent of the UHF satellite program,

10.3 percent of the SSN-21 submarine program, and 11.3 percent of the AMRAAM program. We concluded that such quantities exceeded the intended limitations in section 138 and the DoD Directive.

Operational Test and Evaluation. The Military Departments had not performed OT&E on the SSN-21 submarine and the C-17 cargo aircraft. Furthermore, OT&E performed on the T-45A trainer aircraft, the UHF satellite, and the AMRAAM programs had not yet confirmed the capabilities of those programs. For example, requests for funds for the T-45A were made after developmental test and evaluation of the T-45A had shown that 24 Part I deficiencies existed. Part I deficiencies are those that affect safety of flight or mission accomplishment. Subsequent OT&E by Navy test pilots confirmed the need to improve the aircraft's performance in order to meet safety and mission requirements. Also, full system OT&E results would not be available for the UHF satellite program until after the DAB was scheduled to hold a Milestone IIIB (full-rate production) decision. The Navy was seeking approval for production funding for 10 satellites, 100 percent of the program.

Effects of Requesting Excessive Acquisition Quantities. The Military Departments' requests to buy excessive systems before the completion of OT&E did not have significant cost consequences because the DAB did not approve the Military Departments' requests for the numbers of systems that they requested approval to buy. In each of the five system reports, we recommended that the Under Secretary of Defense for Acquisition (USD[A]) reduce or defer the numbers of systems that the Military Departments requested approval to buy until the systems demonstrated their combat effectiveness and suitability through OT&E. On all of the recommendations, the USD(A) reduced or deferred the requested production decisions.

Although the Military Departments' requests did not have any significant cost consequences on the programs, we want to emphasize that such requests pose the potential to expose DoD to unnecessary cost risks. For example, if the USD(A) had not reduced the requested acquisition quantities, the Military Departments would have been able to invest an additional \$12 billion in systems that had not yet shown their combat effectiveness. Such an investment would have major cost consequences if the systems do not prove to be effective or if extensive retrofits are required to make the systems effective.

Requesting acquisition quantities that exceed the intended limitations set forth in the Public Law and DoD Directive can also unnecessarily complicate future acquisition decisions. For instance, if the requested quantities are approved and bought and the contractors establish production bases to satisfy those quantities, it becomes costly to reduce future buys below the previous quantities that are bought. After contractors establish

their production bases at a certain level, the contractors will normally incur additional costs if they have to scale back their production bases.

Factors Contributing to the Military Departments' Excessive Requests. The Military Departments were able to request approval to buy systems in quantities that exceeded limitations in the Public Law and DoD Directive because there was no requirement for the Military Departments to determine whether their requested quantities were consistent with provisions in the Public Law. Without such a requirement, the Military Departments could request any quantities within their budget authorizations, and that is what the Military Departments did. For example, on the T-45A trainer aircraft program, the Navy requested approval to buy the number of aircraft in the acquisition plan despite the poor results that the aircraft achieved in developmental testing and initial operational test and evaluation. Similarly, the Air Force requested approval to buy the C-17 aircraft in its program although no operational test and evaluation had been performed. Furthermore, the Air Force had not prepared a formal Test and Evaluation Master Plan prescribing the mission scenarios and OT&E measures necessary to fully assess the mission capability of the C-17 aircraft.

Actions Recommended and Taken During and After the Audits. We issued five audit reports recommending various actions for management to take on the programs on which we found excessive acquisition quantities. The USD(A) responses to the recommendations resulting from the five audit reports were mixed. The responses ranged from almost total concurrence on the recommendations on the T-45A trainer aircraft program to almost total nonconcurrence on the SSN-21 submarine program. However, in most cases, the USD(A) ultimately took actions that indicated agreement with our recommendations.

Other actions taken by OSD have also had an impact on DoD management of major weapon system acquisition since the issuance of our five audit reports. On June 12, 1989, the Secretary of Defense released his Report on the Defense Management Review (DMR). A major objective of the DMR was to substantially improve the performance of the Defense acquisition process. The DMR contains wording that requires the DAB to rigorously oversee major system acquisition. In addition, in a February 22, 1990, memorandum to the DAB Committee Chairman, the USD(A) reemphasized the need to ensure that all major acquisition issues are identified and that required documentation was complete before formal DAB reviews. We believe these subsequent actions express a concern and commitment by OSD to ensure that systems will meet operational effectiveness and suitability criteria before proceeding into production. Enclosure 3 presents a summary of the primary recommendations contained in our five system reports and the actions ultimately taken by the USD(A).

Congressional action taken after the issuance of our five reports has also placed new emphasis on the controls to be exercised in determining the quantity of systems to be purchased. Section 802 of the National Defense Authorization Act for FY's 1990 and 1991 requires that DoD complete OT&E before proceeding beyond low-rate initial production on major systems. The Act also redefined low-rate initial production and provided exceptions to the new definition for Naval vessels and satellite programs. Details of the congressional action are presented in Enclosure 4.

Conclusion

Because of the extensive changes in acquisition management brought about by Public Law, the Defense Management Review Report, and changes to the 5000 series of Directives and Instructions since our five audit reports were issued, no additional recommendations were presented in this report. However, it is our intent to concentrate on the relationship between the degree of OT&E completed and the quantity of items authorized for production during our planned FY 1992 audit of the DAB process.

We provided a draft of this report to the addressee on November 29, 1990. Because the report contained no recommendations, no comments were required of management, and none were received. Therefore, we are publishing this report in final form. Any comments to this final report should be received within 30 days of the date of this report. This report contains no potential monetary benefits.

The cooperation and courtesies extended to the audit staff are appreciated. The audit team members are shown in Enclosure 6. Please contact Mr. Rayburn H. Stricklin, Program Director, at (703) 614-3965 (AUTOVON 224-3965) or Mr. Harry L. Followell, Project Manager, at (703) 693-0400 (AUTOVON 223-0400), if you have any questions concerning the report. Copies of the final report will be distributed to the activities listed in Enclosure 7.



Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosures

AUDIT REPORTS ISSUED BY THE
ASSISTANT INSPECTOR GENERAL FOR AUDITING
AND INCLUDED IN THIS SUMMARY REPORT

| <u>SYSTEMS AUDITED</u> | <u>REASON FOR SELECTION</u> | <u>REPORT NO.</u> | <u>DATE ISSUED</u> |
|--|---------------------------------|-----------------------|------------------------|
| <u>Navy</u> | | | |
| SSN-21 Submarine Program | Milestone III | 89-027 | 11/08/88 |
| Follow-on Ultra-High Frequency Satellite Program | Milestone III | 89-041 | 12/22/88 |
| T-45A Trainer Aircraft Program | Milestone IIIA | 89-096 | 07/31/89 |
| <u>Air Force</u> | | | |
| Advanced Medium Range Air-to- Air Missile Program | Milestone IIIB | 88-200 | 09/13/88 |
| C-17 Cargo Aircraft Program | Milestone IIIA | 89-067 | 04/06/89 |

SYNOPSIS OF PRIOR AUDIT REPORTS

Report No. 85-009, "Summary Report on the Audit of the Effectiveness of the Defense Systems Acquisition Review Council (DSARC) Process--Phase I," October 24, 1984. This report summarized the results of audits covering six systems and presented two summary findings based on systemic conditions noted during the audit. The first finding, "DSARC Documentation," reported that required documentation was not always prepared and provided to the DSARC within established time frames. The second finding, "Impact of Funding Issues," reported that the Military Departments had not adequately identified either the source or the amount of funding required to accomplish the system development objectives for the six systems reviewed.

Report No. 85-104, "Summary Report on the Audit of the Effectiveness of the Defense Systems Acquisition Review Council (DSARC) Process--Phase II," July 28, 1985. This report summarized the results of audits covering 10 systems and presented 2 summary findings based on systemic conditions noted during the review. The first finding, "Acquisition Strategy," reported that required Milestone I reviews were not held or planned for 6 of the 10 major systems included in the audit. The second finding, "Justification for a Major System New Start Document," reported that the new start documents for five major systems did not adequately present all necessary information, as required by the 5000 series of DoD Directives.

Report No. 87-166, "Summary Report on the Audit of the Effectiveness of the Defense Systems Acquisition Review Council (DSARC) Process--Phase III," June 3, 1987. This report summarized the results of audits covering six systems and presented two summary findings based on systemic conditions noted during the review. The first finding, "Operational Thresholds," reported that program managers had not provided adequate operational performance thresholds at the Milestone II decision point to serve as overall operational objectives to be met before receiving production approval from the Secretary of Defense. The second finding, "Major Changes to Acquisition Programs," reported that the Navy and Air Force restructured the acquisition strategies for two major programs without first obtaining the permission of the Secretary of Defense.

Report No. 87-193, "Summary Report on the Audit of the Effectiveness of the Defense Systems Acquisition Review Council (DSARC) Process--FY 1986," July 17, 1987. This report summarized the results of audits covering seven individual systems but did not disclose any new systemic issues that would require policy changes and therefore did not contain any new findings and recommendations. However, it did reaffirm our prior observations that more rigorous enforcement of existing acquisition policy was needed and that recommendations contained in prior summary reports remained valid and unaccomplished.

ACTIONS RECOMMENDED AND TAKEN
DURING AND AFTER THE AUDIT

We issued five audit reports recommending various actions for management to take on the programs on which we found excessive acquisition quantities. Our specific recommendations and actions taken by the Under Secretary of Defense for Acquisition (USD[A]) are summarized below.

Advanced Medium Range Air-to-Air Missile (AMRAAM). We recommended that the USD(A) maintain low-rate production with Lot III of the AMRAAM program until the Air Force provides favorable operational test results. On July 20, 1988, USD(A) nonconcurred with the recommendation because, at the time of the response, the Defense Acquisition Board (DAB) had not made a decision on the Lot III request. In addition, the USD(A) stated that the Air Force's Lot III request for long-lead procurement authority for 1,270 missiles was a de facto low-rate production request because it represented a reduction from 2,000 missiles in 1985. However, the USD(A) subsequently deferred the decision of the Air Force's Lot III request until after a September 1988 DAB program review. A subsequent program review continued to restrict quantities because of poor test results.

SSN-21 Submarine. We recommended that the USD(A) schedule a DAB program review for the SSN-21 submarine during FY 1995 when more complete development and testing results would be available. We also recommended that the Chief of Naval Operations provide the results of an assessment of the military worth of the SSN-21 submarine at the time of initial operating capability and 10 years into the future. Although both the USD(A) and the Navy nonconcurred with the recommendations, the Secretary of Defense deferred the Navy's request for advance procurement funding for two additional submarines until the third quarter of FY 1990. The deferral was made to allow time to complete and review an operational effectiveness and suitability assessment and a live fire test report. Subsequently, the House Committee on Appropriations, in its Report on the Department of Defense Appropriations Bill -- 1990, required the Navy to perform a "dynamic mission analysis" on the initial operational capability plus 10 years.

Follow-on Ultra-High Frequency (UHF) Satellite. We recommended that the USD(A) withhold the full-rate production decision on the UHF satellite until operational and technical effectiveness measures have been established, an assessment of system effectiveness and suitability by subsystem and component testing has been completed, and the Navy provides justification for the number of satellites actually required. Comments received from the USD(A) indicated general concurrence with our recommendations and the Acquisition Decision Memorandum required the Navy to prepare an updated Test and Evaluation Master Plan.

ACTIONS RECOMMENDED AND TAKEN
DURING AND AFTER THE AUDIT (continued)

C-17 Cargo Aircraft. We recommended that the USD(A) reduce the scope of the DAB Milestone IIIA review for the C-17 cargo aircraft program, planned for October 1990, to the limited production rate established at the December 1988 program review (10 units per year), until the planned March 1993 Milestone IIIB review is held. In addition, we recommended that the USD(A) require the Air Force to revise the C-17 cargo aircraft Test and Evaluation Master Plan to include valid operational effectiveness measures and thresholds and a testing phase dedicated to evaluating the operational mission effectiveness of the aircraft. The USD(A) nonconcurred with the recommendation to reduce the scope of the Milestone IIIA review to 10 aircraft. However, the USD(A) subsequently authorized procurement of only 10 aircraft and long-lead items for 10 more aircraft instead of the requested 40 aircraft and long-lead items for 29 more aircraft.

T-45A Trainer Aircraft. We recommended that the USD(A) schedule a DAB Program Review of ongoing T-45A trainer aircraft performance corrective actions and the Navy's change in the program baseline before release of FY 1989 funds. We also recommended that the USD(A) schedule a DAB Milestone IIIA review for the T-45A trainer aircraft program before the release of FY 1991 funds. The Milestone IIIA review would be scheduled contingent upon successful completion of ongoing developmental and operational testing. The USD(A) and the Comptroller, DoD, concurred with the recommendations.

On June 12, 1989, just before our final systems report was issued, the Secretary of Defense took a major action that was intended to discourage the Military Departments from requesting excessive acquisition quantities before completion of operational test and evaluation. Specifically, the Secretary of Defense released his Report on the Defense Management Review (DMR), which set forth the Department of Defense's plan to:

- fully implement the Packard Commission's recommendations,
- substantially improve the performance of the Defense acquisition system, and
- more effectively manage the Department of Defense and its resources.

ACTIONS RECOMMENDED AND TAKEN
DURING AND AFTER THE AUDIT (continued)

In addressing the DAB's responsibilities, the DMR Report added emphasis to the DAB process by stipulating that:

The DAB will rigorously oversee major systems acquisition, to ensure that the acquisition process is managed in a manner consistent with DoD policy. That policy will define minimum required accomplishments, and permit additional program specific exit criteria to be established by the USD(A), at each Milestone in a systems life. The paramount objective of the USD(A) will be to discipline the acquisition system through review of major programs by the DAB.

We believe that the wording in the DMR Report expresses the commitment of the USD(A) to have program offices establish meaningful cost, schedule, and performance criteria and ensure that the systems meet that criteria before being allowed to move from one acquisition phase to the next.

In addition, in a February 22, 1990, memorandum to DAB Committee Chairmen, the USD(A) provided guidance on improving the acquisition review process. The memorandum, endorsed by the Service Acquisition Executives, established a formal Systems Committee preplanning meeting 6 months before the actual DAB review to identify major issues, emphasized the prompt submission of required documentation, required that all documentation be reviewed by OSD staff members to determine if all major issues had been resolved, and required the OSD Cost Analysis Improvement Group to independently review the program costs established by the respective program office and the Military Department's Independent Cost Analysis teams. The USD(A) memorandum also stipulated that the Systems Committee meeting and subsequent DAB review, would be postponed if documentation was not submitted in a timely manner. The overall objective of these actions was to streamline the DAB process.

RELATED CONGRESSIONAL ACTIONS

After our audits, Congress amended U.S.C., title 10, section 138, with requirements that placed more control over the quantity of systems that the Military Departments can buy before the completion of operational test and evaluation. Section 802 of the National Defense Authorization Act for FY's 1990 and 1991 amended title 10 with laws that stipulated that DoD must complete initial operational test and evaluation before proceeding beyond low-rate initial production on major acquisition programs. Also, for a new major acquisition program or system, section 803 of the Act defined low-rate initial production as the quantity necessary:

- (1) to provide production-configured or representative articles for operational tests pursuant to section 2399 of this title;
- (2) to establish an initial production base for the system; and
- (3) to permit an orderly increase in the production rate for the system sufficient to lead to full-rate production upon the successful completion of operational testing.

In addition, the Act established new low-rate initial production guidelines for Naval vessel and satellite programs. The Act stipulates the following.

- (1) . . . low-rate initial production is production of items at the minimum quantity and rate that (A) preserves the mobilization production base for that system, and (B) is feasible, as determined pursuant to regulations prescribed by the Secretary of Defense.
- (2) . . . the Secretary of Defense shall submit to Congress a report providing - (A) an explanation of the rate and quantity prescribed for low-rate initial production and the considerations in establishing that rate and quantity; (B) a test and evaluation master plan for that program; and (C) . . . an acquisition strategy for that program that has been approved by the Secretary, to include the procurement objectives in terms of total quantity of articles to be procured and annual production rates.

RELATED CONGRESSIONAL ACTIONS (continued)

Section 803 also requires DoD to determine how many systems on major acquisition programs should be procured as low-rate initial production when the Milestone II (full-scale engineering development) decision is made. In addition, the section requires the Secretary of Defense to include the low-rate initial production quantities in the first Selected Acquisition Report that is prepared after the quantities are determined. Also, any changes to the quantities must be approved by the official that originally established them.

ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Office of the Under Secretary of Defense for Acquisition,
Washington, DC
Office of the Comptroller of the Department of Defense,
Washington, DC
Office of the Director, Operational Test and Evaluation,
Washington, DC
Office of the Director, Program Analysis and Evaluation,
Washington, DC
Office of the Director (Command, Control and Communications),
Joint Chiefs of Staff, Washington, DC

Department of the Navy

Office of the Chief of Naval Operations, Washington, DC
Headquarters, Naval Technical Intelligence Center, Washington, DC
Headquarters, Naval Telecommunications Command, Washington, DC
Headquarters, Naval Air Test Center, Patuxent River, MD
Follow-on UHF Satellite Program Office, PM-146, Washington, DC
Fleet Satellite Communications Office, Los Angeles, CA
T-45TS Training System Office, Washington, DC
SSN-21 Program Office, PM-350, Washington, DC

Department of the Air Force

Office of the Assistant Secretary of the Air Force
(Acquisition), Washington, DC
Office of the Deputy Chief of Staff, Plans and Operations,
Washington, DC
Office of the Assistant Chief of Staff, Systems for Command,
Control, Communications and Computers, Washington, DC
Headquarters, Air Force Operational Test and Evaluation Center,
Kirtland Air Force Base, NM
C-17 Program Office, Aeronautical Systems Division, Wright-
Patterson Air Force Base, OH
Advanced Medium Range Air-to-Air Missile Joint Systems Program
Office, Eglin Air Force Base, FL

Defense Agency

Headquarters, Defense Intelligence Agency, Washington, DC

Non-Department of Defense

Headquarters, Central Intelligence Agency, Arlington, VA

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